

## AMENDMENTS TO THE CLAIMS

1-19. (Cancelled)

20. (Currently Amended) A method of applying an RFID label to an item, the label having a transponder, the method comprising the steps of:

positioning a label adjacent an application zone;

testing the label for viability adjacent the application zone when the label is in contact with an applicator head;

communicating the result of the test to a control circuit;

allowing the control circuit to communicate with a power supply; and

operating the power supply to move the label to the item if the label is viable.

21. (Original) The method of claim 20 further including the step of operating an RFID antenna adjacent the application zone to test the viability of the label.

22. (Cancelled)

23. (Currently Amended) The method of ~~claim 22~~ claim 21 wherein the testing step includes coupling the antenna electronically to the label through at least a portion of the applicator head.

24. (Original) The method of claim 21 further comprising the step of writing to the label after the test has confirmed a viable label.

25. (Original) The method of claim 24 further comprising the steps of testing information written to the label for viability of the information and applying

the label to the item if the information is viable and moving the label to a reject area if the information is non-viable.

26. (Original) The method of claim 21 further comprising the step of moving the label to a reject area if the test reveals that the label is non-viable.

27. (Original) The method of claim 26 wherein the moving step includes sliding an applicator head carrying the label from a position adjacent the application zone to a position adjacent the reject area.

28. (Original) The method of claim 21 wherein the antenna is mounted within the applicator head; wherein at least one air channel is formed in the applicator head and extends around the antenna; and wherein the method further includes the step of evacuating air from the at least one air channel after the test is complete.

29. (Original) The method of claim 20 wherein the operating step includes the step of blowing the label to move the label to the item if the label is viable.

30. (Original) The method of claim 29 wherein the blowing step includes operating an air source to move air through air channels formed in an applicator head.

31. (Original) The method of claim 29 further including the step of moving the applicator head toward the item prior to the blowing step.

32. (Original) The method of claim 30 wherein the operating step includes suctioning the label to the applicator head prior to the blowing step.

33. (Original) The method of claim 32 further including the step of guiding a carrier web carrying the label around a peel edge adjacent the applicator head to separate the label from the carrier web prior to the suctioning step.

34. (Currently Amended) A method of applying an RFID label to an item, the label having a transponder, the method comprising the steps of:

positioning a label adjacent an application zone;

testing the label for viability adjacent the application zone with an RFID antenna; and

~~moving~~ blowing the label to move the label to the item if the label is viable and blowing the label to move the label to a reject area if the label is non-viable.

35. (Original) The method of claim 34 further comprising the step of writing to the label after the test has confirmed a viable label.

36. (Original) The method of claim 35 further comprising the steps of testing information written to the label for viability of the information and applying the label to the item if the information is viable and moving the label to the reject area if the information is non-viable.

37. (Cancelled)

38. (Currently Amended) The method of ~~claim 37~~ claim 34 wherein the moving step includes sliding an applicator head carrying the label by suction from a home position adjacent the application zone to a reject position adjacent the reject area if the label is non-viable.

39. (New) The method of claim 20 further including the step of separating the label at least partially from a carrier web prior to the step of testing.

40. (New) The method of claim 39 further including the step of separating the label completely from the carrier web prior to the step of testing.

41. (New) The method of claim 20 wherein the step of testing includes the step of testing the label with an RFID antenna mounted on the applicator head.

42. (New) The method of claim 20 wherein the step of testing includes the step of testing the label with an RFID antenna disposed within the applicator head.

43. (New) The method of claim 26 wherein the step of moving includes the step of blowing the label from the applicator head to the reject area.

44. (New) The method of claim 27 wherein the moving step includes the step of moving the applicator head laterally from the position adjacent the application zone to the position adjacent the reject area.

45. (New) The method of claim 34 wherein the step of testing includes the step of testing the label with an RFID antenna mounted on the applicator head.

46. (New) The method of claim 34 further including the steps of moving an applicator head in a first direction toward the item to facilitate the step of blowing the label to move the label to the item; and moving the applicator head in a second direction transverse to the first direction and toward the reject area to facilitate the step of blowing the label to move the label to the reject area.

47. (New) A method comprising the steps of:  
    positioning an RFID label having a transponder adjacent an application zone;  
    testing the label for viability adjacent the application zone with an RFID antenna mounted on an applicator head; and  
    applying the label to the item if the label is viable.

48. (New) The method of claim 47 wherein the step of testing includes coupling the antenna electronically to the label through at least a portion of the applicator head.

49. (New) The method of claim 47 wherein the step of applying includes moving the applicator head and the antenna toward the item.

50. (New) The method of claim 47 further including the steps of moving the antenna and the applicator head carrying the label toward a rejection location if the label is non-viable and removing the label from the applicator head to move the label to the rejection location.

51. (New) The method of claim 47 wherein the step of testing includes the step of testing the label with an RFID antenna disposed within the applicator head.

52. (New) The method of claim 47 further including the step of separating the label at least partially from a carrier web prior to the step of testing.

53. (New) The method of claim 52 further including the step of separating the label completely from the carrier web prior to the step of testing.

54. (New) A method comprising the steps of:

positioning an RFID label having a transponder adjacent an application zone;

testing the label for viability adjacent the application zone;

moving an applicator head in a first direction to apply the label to an item if the label is viable and moving the applicator head in a second direction transverse to the first direction to move the label to a rejection location if the label is non-viable.

55. (New) The method of claim 54 wherein the step of testing includes the step of testing the label with an RFID antenna mounted on the applicator head.

56. (New) The method of claim 54 wherein the step of moving the applicator head in the second direction transverse to move the label to the rejection location includes the step of blowing the label from the applicator head to the rejection location.

57. (New) The method of claim 54 wherein the step of moving includes the step of moving the applicator head in a second direction substantially perpendicular to the first direction to reject a label if the label is non-viable.

58. (New) The method of claim 54 wherein the step of moving the applicator head in the second direction includes the step of moving the applicator head laterally away from the application zone and toward the rejection location.

59. (New) The method of claim 58 wherein the step of moving the applicator head laterally includes the step of sliding the applicator head in a substantially horizontal direction.